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This single chapter on economic trends and outlook is excerpted from the 2005 (Fall 2004 Update) Country Commercial Guide for Morocco. The full text of the report is also available on this website.

### **CHAPTER 3: POLITICAL ENVIRONMENT**

#### *Nature of the Political Relationship with the United States:*

Morocco's bilateral ties with the United States date back to 1787 when Morocco was the first nation to recognize the independence of the United States. More recently, Morocco's early activism in the search for peace in the Middle East has made the kingdom a valuable partner on the international stage. Until his death in 1999, King Hassan II enjoyed a warm relationship with a succession of American Presidents. A similarly close relationship has been established with King Mohamed VI, whose successful visits to the U.S. in 2003 and July 2004 exemplify the strengthening bilateral relationship. Five years into his reign, Mohamed VI remains committed to reforming Morocco's economy and deepening its democratic structures as seen in his dedication to the US-Moroccan FTA. To date, promising progress toward these objectives has been achieved.

#### *Major Political Issues Affecting the Business Climate:*

Islamic extremism appeals to only a small minority of Moroccans, although rapid growth in urban poverty has fed the Islamic movement, as demonstrated by the May 16 attacks. A disturbing phenomenon has been the appearance of gangs in urban slums willing to use violence to enforce their conception of religiously correct behavior. While there are no accurate election or opinion poll results upon which to base an estimate, it is likely that active adherents of non-violent political Islam probably account for nearly one fourth of the population. These non-violent Islamists are for the most part divided between those who have elected to cooperate with the regime and those who have not. The former have a political party, the Party of Justice and Development, and are represented in Parliament. The latter form a tightly disciplined organization with more adherents than the aforementioned political party, yet they remain outside the realm of political legitimacy and the authorities tightly restrict their activities. Another issue is the ongoing dispute over the Western Sahara. A ceasefire between the Moroccan government and the Polisario Front has been in effect since 1991, and the UN maintains a peacekeeping presence in the territory pending a UN-brokered permanent settlement. Over the years the parties to the conflict have weighed several peace plans proposed by James Baker, the former UN Secretary General's Personal Representative for the Western Sahara, with Morocco staunchly opposing independence for the territory, while Algeria and Polisario advocate the right of self-determination for the local Saharan people. Mr. Baker resigned as envoy in June 2004. As the parties continue to wrestle with a political solution, the border between Algeria and Morocco remains closed. Both cannabis productions in northern Morocco and illegal immigration to Europe have become serious concerns for Morocco's European neighbors, but have not destabilized the region.

#### *Brief Synopsis of the Political System:*

Morocco is a constitutional monarchy in which the King remains the final arbiter of power. In September 1996, a constitutional referendum divided the Parliament into two chambers. The lower house is directly elected and the upper house is made up of representatives elected by labor unions, management associations and communal councils. Parliamentary elections held in September 2002 were widely regarded as free and fair and were followed by successful local elections in September 2003. The largest

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parties in Parliament are: the Socialist Union of Popular Forces (USFP) with 50 seats, the Istiqlal Party (PI) with 48 seats, the PJD with 42 seats and the National Rally of Independents (RNI) with 41 seats.

Following the 2002 elections, the King consulted with the heads of the major political parties concerning the formation of a new government but appointed nonparty member, technocrat, and former Interior Minister Driss Jettou as Prime Minister in October 2002. Morocco is divided into regions, provinces, prefectures and communes. Citizens of a commune elect a council that is roughly the equivalent of a city council. Members of communal councils in turn elect councils for provinces and prefects (the prefecture is urban, the province rural). Communal councils elect 60% of the members of the upper house of the national parliament as well. Members of provincial and prefectural councils elect members for a regional council. Each communal, provincial, prefectural and regional council elects a council President from among its ranks. In theory, these council presidents function as executives at the communal, provincial, prefectural and regional levels. In practice, however, executive authority at the communal level is effectively in the hands of a "Qaid;" at the provincial/prefectural level, in the hands of a "Super Qaid;" and, at the regional level, in the hands of a "Wali." The Minister of Interior has the authority to appoint the Qaids, Super Qaids and Walis. In practice, however, the King appoints the Walis. Morocco has 16 regions, 67 provinces and prefectures, and some 1500 communes presided over by mayors. In addition, following the September 2003 local elections and for the first time, the municipal councilors in Morocco's six largest cities elected mayors to coordinate the activities of the municipal councils that exist within these large cities.

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